

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
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TO SECSTATE WASHDC 5385

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E.O. 11652: N/A

TAGS: BDIS, ENRG, EINV, PE

SUBJECT: GULF: NEW ECONOMIC TEAM REVIEWING DECREE LAW

APPROACH TO SETTLEMENT

REF: A) LIMA 4649; B) LIMA 4852; C) LIMA 4931

1. ECON OFF ON NEW FINANCE VICE MINISTER AUGUSTO
BLACKER JUNE 20 TO PRESS FOR EARLY RESOLUTION OF GULF CASE BY
COUNCIL OF MINISTERS. BLACKER SAID BOTH HE AND FINANCE MINISTER
PIAZZA WERE WELL READ INTO CASE AND WERE CONSCIOUS OF THE NEED
TO REACH A PROMPT SETTLEMENT. MOREOVER, HE ADDED, BOTH ARE
DISPOSED TOWARD QUICK RESOLUTION OF MATTER, THOUGH THE NEW
TEAM IN THE MINISTRY DOES WANT TO STUDY POSSIBLE CONSEQUENCES
OF DRAFT DECREE LAW BEFORE PRESENTING IT TO COUNCIL. BLACKER
INDICATED THAT PERHAPS A MORE ATTRACTIVE ALTERNATIVE EXISTS TO
SOLVING THE GULF ISSUE BY A NEW DECREE-LAW. AS GULF IS NOT THE
ONLY CASE OF ITS KIND AWAITING RESOLUTION, BLACKER EXPRESSED
INTEREST IN A MORE COMPREHENSIVE SETTLEMENT WHICH WOULD INCLUDE
GULF.

2. ECON OFF NOTED THAT THE GOP HAD ALREADY PASSED THROUGH THIS
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PHASE, SINCE IT WAS PRECISELY THIS SEARCH FOR ALTERNATIVES THAT
DELAYED SETTLEMENT FROM JUNE TO OCTOBER OR NOVEMBER
1976. POINTING OUT THAT DECREE LAW ROUTE IS THE RESULT
OF THAT SEARCH, ECON OFF QUESTIONED NEED FOR EXTENSIVE
FURTHER STUDY. HE EXPRESSED CONCERN THAT NEW STUDY
SURELY WOULD CAUSE FURTHER DELAY, THUS EXACERBATING
IRRITATION IN BILATERAL RELATIONS DUE TO TWO-YEAR WAIT

ALREADY EXPERIENCED IN REACHING A SETTLEMENT. HE ADDED THAT PERUVIAN MINISTRIES OF COMMERCE AND FOREIGN RELATIONS, INTER ALIA BECAUSE OF THEIR DESIRE FOR NEW CCC CREDITS, WERE AS INTERESTED AS USG IN QUICK SETTLEMENT OF GULF CASE.

3. IN RESPONSE BLACKER STRESSED THAT PIAZZA AND HE WERE ALSO INTERESTED IN SETTLEMENT AT EARLIEST POSSIBLE MOMENT AND THAT THEY WOULD MOVE QUICKLY TO FIND, IF POSSIBLE, A COMPREHENSIVE SOLUTION TO CASES SUCH AS GULF'S AND THEN PRESENT IT TO COUNCIL OF MINISTERS FOR APPROVAL. BLACKER PROMISED TO GIVE GULF MATTER HIS PERSONAL ATTENTION AND TO REPORT PROGRESS TO EMBASSY.

4. COMMENT: BLACKER SEEMED SINCERE IN EXPRESSED DESIRE TO HAVE QUICK SETTLEMENT, BUT APPEARED TROUBLED BY POSSIBILITY THAT PROPOSED DECREE LAW MAY CAUSE PROBLEMS IN OTHER CASES. SINCE GOP ECONOMIC TEAM'S ENERGIES AT THIS TIME ARE DIRECTED PRIMARILY TO THIS WEEK'S ROUND OF NEGOTIATIONS FOR IMF STAND-BY, WE DOUBT THAT FINANCE MINISTRY REVIEW WILL BE COMPLETED BEFORE THE END OF JUNE.
SHLAUDEMEN

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